

Message Text

CONFIDENTIAL

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 PM-05 H-01 INR-07 L-03

PA-01 PRS-01 SP-02 SS-15 AID-05 EB-08 TRSE-00

STR-05 OMB-01 CEA-01 COME-00 FRB-03 XMB-02

OPIC-03 LAB-04 SIL-01 AGRE-00 /081 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 3496

C O N F I D E N T I A L TOKYO 19060

PASS STR ELECTRONICALLY

E.O. 11652: GDS

TAGS: ETRD, JA

SUBJECT: JAPANESE GROWTH PROSPECTS

REF: TOKYO 18971

1. SUMMARY: JAPAN FY 1977 GROWTH FIGURE TENTATIVELY SET AT 5.3 PERCENT. GOJ NOW FOCUSING ON FY 1978 GROWTH FIGURE. END SUMMARY.

2. FOREIGN OFFICE (MOTONO) TELLS ECMIN THAT PRIOR TO USHIBA DEPARTURE IT WAS TENTATIVELY AGREED REVISED GROWTH FIGURE FOR FY 1977 WOULD BE 5.3 PERCENT. THIS ASSUMES ADDITIONAL STIMULUS FROM SECOND SUPPLEMENTAL BUDGET, ALTHOUGH IT IS NOT CLEAR HOW MUCH OF THIS STIMULUS WOULD BE FELT WITHIN THIS FISCAL YEAR. WE ARE TOLD THAT REVISED CURRENT ACCOUNT FORECAST FOR FY 1977 NOT YET FIXED (EARLIER PRESS REPEATEDLY SUGGESTED THAT FIGURE WOULD BE ABOUT DOLS10 BIL).

3. AGREEMENT ON FY 1977 GROWTH REACHED PRIOR USHIBA DEPARTURE CLEARS WAY FOR FOCUS ON FY 1978 GROWTH FIGURE AND CONFIDENTIAL

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POLICIES. WE UNDERSTAND MINISTERIAL COUNCIL ON ECONOMIC AFFAIRS IS MEETING TODAY TO TACKLE THIS PROBLEM. ANY DECISIONS REACHED WILL OF COURSE BE PASSED TO USHIBA IN WASHINGTON. EMBASSY WILL ALSO FOLLOW UP AND REPORT FURTHER.

4. COMMENT: WE NOTE THAT GROWTH TARGET FOR FY 1977 HAS BEEN

FIXED AT LOWER LEVEL THAN EARLIER ANTICIPATED (REFTEL
REPORTED VIEW THAT IT WOULD BE FIXED AT 5.9 PERCENT).
DOUBTLESSLY LOWER TARGET IN SUBSTANTIAL MEASURE REFLECTS
FLATNESS OF PRIVATE SECTOR IN JULY-SEP QUARTER (FIGURES
RELEASED ON FRIDAY SHOWED REAL GNP GROWTH IN QUARTER AT 2
PERCENT ANNUAL RATE) AND CONCERN ABOUT APPRECIATION OF YEN.
CONTINUED HIGH LEVEL OF BANKRUPTCIES IN NOV HAS PROVIDED
ADDITIONAL GROUNDS FOR CONCERN, AND IN RECENT DAYS CONCERN HAS
BEEN INCREASED BY INSTITUTION OF BANKRUPTCY PROCEEDINGS BY
HASHIHAMA SHIPBUILDING. BANKRUPTCY IS REPORTEDLY FIFTH LARGEST
IN POSTWAR JAPAN AND LARGEST THIS YEAR IN TERMS OF OUTSTANDING
LIABILITIES (OVER DOLS200 MIL).
MANSFIELD

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NNN

Message Attributes

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